

**BLM - Cedar City Field Office
Site Inspection Report**

Div. of Oil, Gas & Mining
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April 16, 2010

File: UTU-73390-A3, Twin Mtn. Rock Milford Ballast Quarry

Inspector: Ed Ginouves, CCFO Mining Engineer

On April 14, 2010, I visited Twin Mtn.'s Milford Ballast Quarry. My purpose for visiting the site was twofold- first, to take part in a joint DOGM/BLM/Martin Marietta meeting, and second, to inspect and photograph the various operation areas for compliance with the current approved mine plan. I had been contacted the previous week by a representative of Martin Marietta who had indicated they had arranged an on-site meeting with DOGM to discuss the operation and several proposed. My previous documented inspection occurred on June 9, 2009. The weather was sunny, mild and breezy. Site conditions were dry.

The Milford Quarry is a large quarrying operation to supply railroad ballast rock and rip rap to the Union Pacific railroad (UPRR). Reject fines and by-products from the site are sold to a number of entities, but primarily to the Beaver County road department for maintenance of County roads in the area. The operation functions under a DOGM LMO permit and a 10-year sales contract through the CCFO. The initial contract period was from 1/1997 through 1/2007 for 4 million tons of washed ballast rock. The parent company for the operation was Kiewit from 1997 through early 2003, at which the operation was acquired by Rinker Materials, which is headquartered in Palm Beach, FL. Many of the Kiewit support staff were retained by Rinker Materials through the transfer. In Jan. 2007, Rinker obtained a four month extension of the 10 year contract to give them additional time to remove the total 4 million tons paid for. The company requested and received a one year contract for an additional 400,000 tons of ballast rock for the period of May 2007 through May 2008. An additional six month "bridge" contract for 250,000 tons of ballast was granted for the June, 2008-October, 2008 period to allow Rinker to complete negotiations with the UPRR on a multi-year, multi-million-ton contract. The present contract, A3, was finalized in October, 2008 and covers a 5 year period and a total of 2.5 million tons of ballast. With the severe economic downturn in the fall of 2008, Rinker's parent company, CEMEX, decided to sell-off and consolidate their business holdings to stave off bankruptcy. Rinker sold the Twin Mtn. operation to Martin Marietta in June of 2009.

In June, 2006, Twin Mtn. submitted amendment 3 to the LMO to expand and consolidate the existing permitting operations in anticipation of long-term continued quarrying operations. The amendment proposed expanding the footprint of the main ballast rock quarry and adding a stockpiling area north of the processing area to accommodate another 10 years of production at the site. An EA was completed in

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support of Amendment 3, which resulted in a FONSI and decision record approving the expansion in October, 2006. Conditional approval for the changes to the large mine permit were granted by the Division in November, 2007 and final approval has since been granted by the Division.

I arrived on the site at 11:30 am, the agreed upon meeting time. As it turned out, a representative for DOGM was not present, having cancelled earlier in the week. Those present for Martin Marietta seemed surprised by this, but decided to discuss the proposed changes with me. Present for Martin Marietta (MM) were the following (see attached business cards for phone numbers and e-mails):

- Steve Redenbaugh, Area Production Manager, Granite Canon, Wyoming
- John Stefne, Natural Resources and Land Manager, Lenexa, Kansas
- Shelby Olsen, Director of Environmental Services and Land Management, San Antonio, Texas
- James Nicholson, Senior Environmental Engineer, Lenexa, Kansas
- Bob Wiggins, Plant Manager, Milford, Utah

Bob Wiggins had replaced Ken Avery in February, 2010, as the Quarry Plant Manager.

After explaining my role as mineral specialist for the BLM office that oversaw the operation, MM's representatives summarized the changes they would like to implement. They would like to expand the ballast rock quarrying operations to include a portion of the original pit area, as well as add a new area centered upon where the bulk AN silo is presently located. They would also like to widen the middle pit benches and change the 25' W by 50' H pit benches to 50' H by 50' W. All of these measures are driven by a desire to increase the recoverable reserves within the current permit footprint. The new pit area centered around the AN storage silo has 200-300,000 cyds of waste overburden that will need to be stripped, and the proposal would require that this material be placed adjacent to the northeast corner of the current pit toe. They also noted that they had identified several permit boundaries discrepancies in the current permit that need to be corrected. These include adding the southernmost portion of the track spur at the loadout (on private land), and the reject pile expansion area on the north end of the stockpiling area.

I directed MM that they would need to submit any desired changes as permit amendments to the existing approved permit and that those permit amendments would serve as a proposed action for BLM's review and any possible NEPA analysis necessary. MM does have some experience with NEPA (apparently a very frustrating and time-consuming experience, unfortunately) through one other BLM-managed quarry operation north of Sparks/Reno. I indicated that the changes proposed were unlikely to generate any significant surface resource management issues by BLM, given their location, and the low surface resource values at the site. I did stress that the ultimate reclamation/re-vegetation of the operations area disturbances was a concern for BLM staff and they feared they would be left with a 200-300 acre monoculture of halogeton. I

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noted that as part of the last amendment to the permit, Rinker had agreed to install several test plots to experiment with possible re-vegetation schemes to prepare for the final re-vegetation effort. The MM people seemed to be more than willing to continue that effort and work towards finding the best viable re-vegetation options for the site. I also warned the MM people about the need to be more diligent in controlling existing annual halogeton growth on idle disturbed areas by spraying or other means and the wisdom of being vigilant in inspecting project areas for any Scotch thistle outbreaks, the most likely County-listed noxious weed they might see at the site.

MM indicated that they have some hope that the operation could eventually increase production to 1 MM tons/year. They are, of course, seeking all possible avenues to that end as well as markets for the ever growing reject fines piles. I encouraged them to review the overall operations plan, and if they thought significant improvements could be made towards the operations economic viability and productivity, that they should contact me to discuss them and any possible plan modification necessary.

Regarding operations issues, since MM took over the property, Bob Wiggins noted that the primary jaw crusher is on it's last legs and will have to be changed out very soon. There is a replacement jaw crusher already on-site. They are also looking at replacing the conveyor run from the jaw to the plant site with a more robust conveyor. They have retained the same hourly employees and are still operating two shifts/day, but have switched the production shift to the daylight shift and the maintenance shift to the swing shift.

After the meeting concluded, I toured the operation by vehicle and on foot. The pit area was idle, but the primary jaw crusher was up and running, being fed off stockpiled ROM rock with the wheeled loader. Two haul trucks were back-hauling reject fines from the plant area to the uppermost portion of the original (now abandoned) quarry where the primary magazines are located. The blasthole drill was on the lowermost bench above the pit floor. The rip-rap quarry remains

Mr. Avery explained that the primary (jaw) crusher had been out of service from January through mid-May due to a bearing failure. A portable jaw crusher was brought in the allow crushing to continue through that period. The jaw crusher was repaired in mid-May and has been functioning properly since that time. The secondary cone crusher, an amalgamation of parts from three cone crushers, has been functioning OK but obtaining replacement parts is an ongoing challenge.

I hiked to the uppermost portions of the ballast rock pit to GPS survey the exterior disturbed perimeter of the southern end of the pit. This is the only portion of the property that has expanded since the 2006 aerial photography of the area. Martin-Marietta had recently surveyed the permit boundary and placed T-post boundary markers at angle points of the permit boundary, and based on those markers, the disturbances on the southern portions of the pit are all within the permit boundary. A D-10 dozer was pushing shot rock and leveling a working bench at the crest of the quarry.

The blast-hole drill was drilling out a production shot in the middle bench section of the quarry. I did not observe any disturbances outside the approved permit boundary.

The rip-rap quarry has remained idle since my prior inspection in June, 2009; it has now been idle for the last six years. The access road to the rip-rap quarry remains blocked by a 3' berm where it leaves the County Road.

In February-March of 2009, Twin Mtn. had prepped a three to four acre area on a south-facing slope adjacent to the original ballast rock quarry area south of the main haul road to the current ballast quarry. The area was top-soiled with fines recovered from the wash plant settling ponds, and drill seeded (very late in spring, 2009) with a variety of seed mixes in the hope of discerning what species stand the best chance when the day of final reclamation arrives. In inspecting this area, I found a portion of it covered with boulders that had rolled downslope of an adjacent waste dump, apparently since MM has taken over the property. No serious damage has been done and the rocks can be easily pushed off the plot. The test plots were all barren except for scattered halogeton skeletons from last year and a scant amount of what appeared to a desirable grass species.

While on site I obtained some operations photos, which are attached.

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